

Federal Financial Institutions Examination Council



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Press Release

For immediate release

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Federal Financial Institution Regulators Announce Availability of 2008 Data on Mortgage Lending

The Federal Financial Institutions Examination Council (FFIEC) today announced the availability of data on mortgage lending transactions at 8,388 U.S. financial institutions covered by the Home Mortgage Disclosure Act (HMDA). Covered institutions include banks, savings associations, credit unions, and mortgage companies. The HMDA data made available today cover 2008 lending activity--applications for loans, loan originations, loan denials, and purchases of loans. The data include 14.2 million applications and originations and 2.9 million purchases, for a total of 17.1 million actions.

The data include disclosure statements for each financial institution, aggregate data for each metropolitan statistical area (MSA), nationwide summary statistics regarding lending patterns, and Loan Application Registers (LAR) for each financial institution (LARs modified for borrower privacy). The FFIEC prepares and distributes this information on behalf of its member agencies (Board of Governors of the Federal

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Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and Office of Thrift Supervision) and the Department of Housing and Urban Development.

The HMDA data show the disposition of loan applications and include information on loan type, purpose, and amount; property type (1- to 4-family, multifamily, or manufactured housing); property location (MSA, state, county, and census tract); applicant characteristics (race, ethnicity, sex, and income); and census tract characteristics (minority composition and income). The data also reflect information about whether a loan is subject to HOEPA (the Home Ownership and Equity Protection Act) and whether a loan is secured by a first or subordinate lien, or is unsecured. In addition, the data provide information on higher-priced loans, where the spread between a loan's annual percentage rate and a market rate (yield on comparable-maturity Treasury securities) exceeds specified thresholds. More information about HMDA data reporting requirements is available in the Frequently Asked Questions on the FFIEC website at <http://www.ffiec.gov/hmda/faq.htm>.

The 2008 HMDA data reflect the ongoing difficulties in the housing and mortgage markets, with decreases in the number of reporting institutions and loans. The number of reporting institutions fell nearly 3 percent from 2007, primarily because of a relatively large decline in the number of independent mortgage companies. The total number of originated loans of all types reported fell about 3.3 million, or 31 percent, from 2007.

While the number of reported first-lien conventional loans fell sharply from 2007

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to 2008, first-lien loans backed by FHA insurance increased dramatically. The number of such loans in 2008 rose by 169 percent over the 2007 level. The FHA's share of such loans expanded from 5.5 percent in 2007 to 19.6 percent in 2008. First-lien loans backed by Veterans Administration guarantees also increased markedly. The number of VA-guaranteed loans in 2008 increased by 48 percent over the number in 2007. The VA market share increased from 1.5 percent in 2007 to 2.9 percent in 2008.

The incidence of higher-priced lending declined from 2007 to 2008. Among all HMDA-reported loans, about 12 percent were higher-priced in 2008, down significantly from the historic high point of about 29 percent in 2006 and 18 percent in 2007. Among higher-priced loans, rate spreads were lower than in previous years.

The overall incidence of higher-priced lending reported in the 2008 HMDA data for all racial and ethnic groups was much lower than reported in 2007. However, the 2008 HMDA data, similar to the data from earlier years, indicate that black and Hispanic white borrowers were more likely, and Asian borrowers less likely, to obtain higher-priced loans than were non-Hispanic white borrowers. For conventional home-purchase lending in 2008, the incidence of higher-priced lending (not adjusted for lender or borrower-related factors) was 17.1 percent for blacks, 15.4 percent for Hispanic whites, 6.5 percent for non-Hispanic whites, and 3.3 percent for Asians. In addition, for both home-purchase and refinance lending in 2008, blacks and Hispanic whites had notably higher gross denial rates than non-Hispanic whites. The pattern for Asians was somewhat different, as the gross denial rate for this group was higher for home-purchase loans than for non-Hispanic whites, but about the same for refinance loans.

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The HMDA data can facilitate the fair lending examination and enforcement process and promote market transparency. When federal banking agency examiners evaluate an institution's fair lending risk, they analyze HMDA data in conjunction with other information and risk factors, in accordance with the Interagency Fair Lending Examination Procedures (<http://www.ffiec.gov/PDF/fairlend.pdf>). Risk factors for pricing discrimination include, but are not limited to, the relationship between loan pricing and compensation of loan officers or brokers, the presence of broad pricing discretion, and consumer complaints.

The HMDA data alone cannot be used to determine whether a lender is complying with fair lending laws. They do not include many potential determinants of creditworthiness and loan pricing, such as the borrower's credit history, debt-to-income ratio, and the loan-to-value ratio. Therefore, when the federal banking agencies conduct fair lending examinations, including ones involving loan pricing, they analyze additional information before reaching a determination regarding institutions' compliance with fair lending laws.

Financial institution disclosure statements, individual institutions' LAR data, and MSA and nationwide aggregate reports are available at <http://www.ffiec.gov/hmda>. Refer to the HMDA data products at <http://www.ffiec.gov/hmda/hmdaproducts.htm> for the item descriptions and formats.

Financial institutions are required to make disclosure statements available at their home offices and, for other MSAs in which they have offices, either to make a copy of the statements available at one branch per MSA or to provide a copy upon written

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request. Questions about a HMDA report for a specific institution should be directed to the institution's supervisory agency at the number listed below.

- Federal Deposit Insurance Corporation - 877-275-3342; hearing impaired - 800-925-4618
- Board of Governors of the Federal Reserve System, HMDA Assistance Line - 202-452-2016
- National Credit Union Administration, Office of Examination and Insurance - 703-518-6360
- Office of the Comptroller of the Currency, Compliance Policy Division - 202-874-4428
- Office of Thrift Supervision, HMDA Hotline - 202-906-6342
- Department of Housing and Urban Development, Office of Housing - 202-708-0685

Data on Private Mortgage Insurance

The FFIEC also provides data from the nation's eight private mortgage insurance (PMI) companies. The 2008 PMI data include information on approximately 1.6 million applications for mortgage insurance, comprised of about 1.1 million applications to insure home purchase mortgages, and about 490,000 applications to insure mortgages to refinance existing obligations. These data also are available today--at individual PMI companies and from the FFIEC (<http://www.ffiec.gov/reports.htm>)--in the same types of reports and formats as the HMDA data.

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The Federal Financial Institutions Examination Council was established by the Congress in 1979 to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions, to make recommendations to promote uniformity in the supervision of financial institutions, and to conduct schools for examiners. The Council has six voting members: the Comptroller of the Currency, the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation, a Governor of the Board of Governors of the Federal Reserve System, the Director of the Office of Thrift Supervision, the Chairman of the National Credit Union Administration, and the Chairman of the State Liaison Committee. Visit the Council's website for press releases and information on the mission and work of the Council at <http://www.ffiec.gov>.